

**Testimony of
The Honorable Mike Kelly
Before the
House Subcommittee on Commerce, Manufacturing and Trade
Regarding H.R. 5859, a Bill to Repeal an Obsolete Provision
Requiring Motor Vehicle Insurance Cost Reporting
June 1, 2012**

Madam Chairman Bono Mack, Congressman Butterfield, I thank you for holding this hearing. It is a privilege to testify in front of you today.

My family has been in automotive retailing since 1953. I literally grew up in the automotive business. I own one dealership in Butler, Pennsylvania with four different franchises, Chevrolet, Cadillac, Hyundai and Kia, employing 110 people.

I support H.R. 5859, a bill to repeal an obsolete and irrelevant mandate that requires the National Highway Traffic Safety Administration (NHTSA) to distribute a booklet to auto dealers, like myself. These booklets compare differences in insurance costs for different makes and models on the basis of damage susceptibility for vehicle. Commonly, this is referred to as insurance collision costs. Dealerships must have these booklets available for customers.

In 1972, Congress passed a law which resulted in the annual distribution of a booklet to every new car dealer in America entitled, "Relative Collision Insurance Cost Information." This booklet contained information on "comparative insurance costs, based on damage susceptibility and crashworthiness." According to NHTSA's regulation implementing 49 U.S.C. § 32302(c), the subsection which H.R. 5859 repeals, "each automobile dealer shall make available to prospective purchasers, without charge, [the booklet] at each location where he or she offers new vehicles for sale." For the past 21 years, my dealerships have received a copy of this booklet.

I remember receiving this booklet each year. However, I cannot recall a single customer ever asking me for a copy of the booklet. Just yesterday I asked my sales staff, which has over 250 years of combined sales experience, and not one person could even recall a customer asking for

the NHTSA booklet. If someone did ask me or my sales staff for the booklet, we would have happily provided it. If we didn't, my dealership would be liable for ruinous fines of \$1,000 per violation, with the maximum penalty of \$400,000 for a related series of violations.

When a customer comes into my store to ask what their insurance premium would be if they purchased a certain model, I recommend they contact their insurance agent to get a quote. Usually the customer's insurance agent can provide a quote over the phone in the showroom. This is the same advice that is given in NHTSA's Relative Collision Insurance Cost Information Booklet.

Even the Obama Administration seems to agree this provision is without merit. In their explanatory document accompanying their draft highway bill that was presented to the House Energy and Commerce Committee as "technical assistance," it states that the data in the booklet is "rarely used and not useful." The Administration's document also stated that "a prospective buyer does not need a brochure from the Federal government to obtain this information, since insurance agents are trained to provide advice on how model selection affects insurance premiums." I agree with the Administration's analysis.

While the executive branch is working at a feverish pace to churn out new regulations whose costs will be borne by consumer and taxpayer alike, I think Congress should do something useful for consumers by spending more time clearing out other statutory flotsam that has accumulated over the decades. This provision in particular has been wasting taxpayer money and everyone's time since 1991, and no one has really done anything about it until Reps. Harper and Owens stepped forward with a bill. I see no reason why we should let this waste go on another year. Maybe the money saved from passing H.R. 5859 can be used by NHTSA to advance their mission of saving lives and reducing fatalities on our nation's road. Or perhaps it could be used to reduce our \$1.3 trillion budget deficit by a tiny amount. At a minimum, passage of H.R. 5859 will ensure these funds are no longer wasted.

Madam Chairman, thank you for your consideration.